GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1416
ANSWERED ON:11.03.2005
INSURANCE PROVISION TO TSUNAMI LIKE CALAMITY PRONE AREAS
Jagannath Dr. M.

Will the Minister of FINANCE be pleased to state:

(a) whether the recent Tsunami disaster has made the Government to reel under a huge financial cost of rescue,relief,rehabilitation and reconstruction;

(b) if so, whether the Government propose to enact the existing insurance laws to order to add a mandatory provision for insurance of people living in calamity prone areas to atleast partly meet the huge financial cost of rehabilitation;

(c) if so, the details thereof; and

(d) other alternatives being contemplated by the Governrrtent to meet such situations in future.

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM) :

(a) The Government of India has approved a special package of Rs.3644.05 crores under `Rajiv Gandhi Rehabilitation Package for Tsunami affected areas for-immediate relief and response, revival of fisheries and agriculture sectors, immediate construction of temporary (intermediate) shelters and repair/restorafcn of infrastructure.

(b) and (c) The Insurance Companies, both in public sector and private sector, are marketing insurance policies for coverage of loss of life and loss/damage to properties due to natural calamities like fire, floods, cyclone, earthquake etc. These insurance policies are voluntary and could be purchased by anybody on payment of requisite premium. There is no proposal for mandatory insurance coverage of people living in calamity prone areas.

(d) The scheme for financing relief expenditure is based on the recommendations of the Finance Commission appointed from time to time. As per the scheme currently in vogue, a Calamity Relief Fund (CRF) for each State is in operation to provide immediate relief to the people affected by natural calamities. Central Government contributes 75% to the CRF of each State and the balance 25% is met by the State Governments. In case of a calamity of severe nature, Central Government provides additional assistance to State Governments from National Calamity Contingency Fund (NCCF). The scheme for financing the relief expenditure will continue to be governed by the recommendations of the Finance Commission.